



USAID
FROM THE AMERICAN PEOPLE

KENYA AND EAST AFRICA

Economic Growth

USAID/Riccardo Gangale



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Agriculture, Business, and Energy FY 2014

Budget:

\$55.5 million (KSh 5.1 billion)

Partners:

Government of Kenya:

- Ministry of Agriculture, Livestock, and Fisheries
- Kenya Agricultural Research Institute
- Agriculture Sector Coordination Unit
- National Economic and Social Council
- National Treasury
- National Bank of Kenya
- Kenya Plant Health Inspectorate Services
- Pest Control Products Board
- Horticultural Crops Development Authority
- National Drought Management Authority

Implementing partners:

- ACDI-VOCA
- CGIAR - AWARD
- DAI
- Farm Inputs Promotions-Africa
- Fintrac Inc.
- Land O' Lakes
- Regional Strategic Analysis Knowledge Support System
- Tegemeo Institute of Agricultural Policy and Development, Egerton University
- University of Nairobi

OVERVIEW

USAID is working with the Government and people of Kenya to lay the foundation for inclusive, market-driven economic growth, in line with Kenya's Vision 2030, the country's long-term development plan. Our activities are increasing agricultural productivity and incomes for smallholder farmers, building more resilient communities, improving access to clean water and energy, increasing access to affordable financing for farmers, entrepreneurs and businesses, and improving the overall business environment to attract private investment.

PROGRAM AREAS

Increasing food security

Agriculture is the engine of economic growth in Kenya, and a valuable source of income for the majority of Kenyans. About 75 percent of Kenyans derive all or part of their livelihoods from the sector, and it accounts for 18 percent of the gross domestic product (GDP). Only 20 percent of the country's land is arable, and maximum yields have not been reached in these areas, leaving considerable potential for increases in productivity. Most farmers work without modern seeds and technology or adequate financial or extension services.

In 2015, USAID supported more than 1.5 million households to embrace new ideas and farming practices as part of U.S. President Barack Obama's Feed the Future initiative. Feed the Future investments are focused in 27 target counties, and in four main value chains including dairy, livestock, horticulture, and staple foods such as maize, millet and sorghum. Feed the Future activities also link producers to markets, improve input supply, increase access to financial and business development services; promote innovative, private sector solutions; and facilitate more efficient business practices and farmer-friendly policies that contribute to a growing national economy.

Building resilience of vulnerable communities

In response to the Horn of Africa crisis in 2011, USAID created several integrated resilience activities designed to reduce the need for recurrent humanitarian assistance by accelerating economic growth. The activities focus on the arid and semi-arid lands of northern Kenya where livestock is central to the economy and rainfall is increasingly sporadic. Among other activities, USAID helps pastoralists earn more money from their herds, prevent diarrheal diseases through increased access to water, sanitation and hygiene, and improve management of drought-prone rangelands.

Led by the communities themselves, these activities help communities gain the knowledge, skills and resources they need to sustain and thrive – even in the face of potential setbacks. In 2015,

more than 502,000 Kenyans in the five arid counties were empowered through community development action plans to govern their own community-level development and leverage funding for priority actions by county governments and donors.

Improving nutrition and access to clean water

About 60 percent of Kenyans have improved drinking water access and only 29 percent have access to improved sanitation. The impact of this is profound: diarrheal diseases are the third-leading cause of mortality in children under age 5 and more than a third of that age group is stunted, due to inadequate nutrition.

Feed the Future increases access to diverse and quality foods to improve the nutritional status of women and children. Community health and agricultural extension workers helped 98,218 households gain the knowledge and skills to grow, choose and prepare nutritious foods.

USAID focuses on market-driven approaches to sustainably increase affordable access to water and sanitation services. During FY 2015, over 306,568 people (166,469 women) obtained access to clean drinking water, surpassing the target of 300,000. In addition, 366,302 people (163,727 men and 202,575 women) had access to improved sanitation facilities for the first time because of USG assistance, exceeding the target of 288,016. Further, over 1.7 million liters (target: 1.5 million) of drinking water were disinfected with point-of-use treatment products, enabling more than 236,676 Kenyans (target: 208,333) access to safe water.

Energy

One of the most critical constraints to economic growth is access to energy. A majority of Kenyan households and businesses, especially in rural areas, do not have access to energy; access is estimated at 18 percent overall and 5 percent in rural areas.

U.S. President Barack Obama's Power Africa initiative is supporting the Government of Kenya's vision to increase the supply of and access to reliable, affordable, and sustainable electricity for economic growth. Power Africa uses a transaction-based approach to take promising projects from idea to financial close by serving as a bridge between the Government of Kenya and the private sector.

During FY2015 the Power Africa initiative provided transaction advisory services to the 310 megawatt (MW) Lake Turkana Wind Project, which began construction in FY 2015. It is expected to connect an additional 900,000 households and 130,000 small businesses.

Private sector investment

Feed the Future harnesses the ingenuity of the private sector, and invests in new ideas and technologies that have the potential to improve the productivity and incomes of smallholder farmers and their families. USAID activities also expand access to finance for farmers, entrepreneurs, and businesses. In Kenya, USAID operates the largest Development Credit Authority portfolio measured by number of transactions. The credit facility works with local financial institutions to free up capital by providing a partial guarantee to loans targeted at underserved borrowers, such as rural farmers and small and medium-sized businesses. In FY 2015 Feed the Future mobilized over \$312 million (target: \$503 million) in credit for agriculture and rural businesses to 826,120 (target 300,000), SMEs and farmers.

Feed the Future interventions led to huge yield gains for maize farmers this period. Post-harvest losses of 15 to 30 percent are common in Kenya. To protect these gains and increase household-level food security, USAID supported commercial production and sales of hermetic bags. These bags were used for home storage and—with proper post-harvest handling—eliminated spoilage. Sales of the bags rose from zero in November 2013 to more than 200,000 units in FY 2015, with a storage capacity of 19,023 metric tons. To date, 100,400 Feed the Future beneficiaries have applied improved post-harvest handling and storage technologies or management practices.